Before the Federal Communications Commission
Washington, DC 20554

In the Matters of :

International Comparison And Survey Requirements In The Broadband Data Improvement Act	GN Docket No. 09-47
A National Broadband Plan For Our Future	GN Docket No. 09-51
Inquiry Concerning The Deployment Of Advanced Telecommunications Capability To All Americans In A Reasonable And Timely Fashion	GN Docket No. 09-137
Schools And Libraries Universal Service Support Mechanism	CC Docket No. 02-6
Comprehensive Review Of The Universal Service Fund Management, Administration, And Oversight	WC Docket No. 05-195
Comment Sought On Broadband Needs In Education, Including Changes To E-Rate Program To Improve Broadband Deployment	NPB Public Notice # 15

THE OREGON DEPARTMENT OF EDUCATION
INITIAL COMMENTS – NPB PUBLIC NOTICE #15

The Oregon Department of Education is submitting these comments in support of increasing Broadband Deployment and enhancing the e-Rate Universal Support Mechanism.

Oregon is a state with a diverse landscape and rich heritage. Each corner of our state offers a different experience. It is comprised of metropolitan areas as well as agricultural and wilderness areas, each with their own strengths and challenges. It is our goal to encourage the FCC to adopt initiatives that will encourage growth in all these areas, for our state as well as others like ours.

Oregon currently has one of the highest unemployment rates in the country, and has been hard-hit by the foreclosure crisis as well. With education largely funded by income and property taxes, it has caused a catastrophic loss of funding for our districts, resulting in reductions in teaching staff, shorter school years, and increased class sizes. While the funds available from the American Recovery and Reinvestment Act have saved jobs and resulted in fewer of these losses, the impact has made the business of teaching our children all the more challenging.

The e-Rate program has without a doubt had an extremely positive impact on Oregon's broadband deployment. The Commission's request for comment is an encouraging signal of their commitment to the program. This response is centered on 3 basic principles in relation to the Commission's request;

1. The e-Rate program is integral to the success of broadband deployment among schools and libraries, and should be protected and maintained.
2. The funding cap must be increased so that all applicants have a fair chance of obtaining funding.
3. Substantial expansion of the eligible entities and services can only occur if the current demand for support is met consistently.

The following are recommendations along with those that can be found in sections below that we feel would better benefit the program.

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4. Additional services should not be added without an increase in funding.
5. A funding cap should be considered for the High Cost Program and some reallocation to the e-Rate program.

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6. A provision should be made to provide funding administering the program at the state level.

BROADBAND DEPLOYMENT DATA

In a recent study conducted by Akamai Technologies[1] Oregon ranked 18th in the nation for average connection speeds, with a statewide average of 4.4 Mbps. While this is an apparent positive, a recent survey conducted by the Oregon Education Enterprise Steering Committee (EESC)[2] showed that approximately 1.4% of the 1,313 schools surveyed are still using dial-up (56k) Internet access, and a little over 23% are using frame relay or T1 (up to 1.5Mbps) connections. While many of these schools have small membership, the fact remains that they lack the ability in most cases to use the Internet effectively. For example, the US Department of Education invited students to create videos for the "I am What I Learn" video contest in anticipation of President Obama's National Address to students in September of this year. Students were asked to upload those videos to YouTube to enter the contest. While this may not have been difficult in our Metropolitan areas, our small and rural schools with dial-up or T1 faced serious challenges if they chose to participate. Add to that the broadband necessary to complete the statewide assessment test online, and you can see that those schools are at a clear disadvantage. Furthermore, there is a clear difference in how teachers are incorporating technology into their classroom instruction in those underserved areas, which is counter to the goals of our statewide Continuous Improvement Plans as well as the National Education Technology Standards (NETS)[3] set by the International Society for Technology in Education (ISTE) for 21st Century Learning. We feel that the size of their school should not affect a student's access to technology and that return on investment for increasing bandwidth to underserved areas cannot possibly be measured because a child's potential cannot be boiled down to a mathematical equation.

The most common barrier to broadband deployment in Oregon is cost. Particularly in rural areas, installation of Fiber can reach $1M or higher. Even at the highest e-Rate discount levels, most districts cannot afford $100K, or even $10k for Fiber installations, especially when they are being asked to

[1] Akamai "State of the Internet" Q2 2009 report http://www.akamai.com/stateoftheinternet/
[2] EESC Survey http://oregoneesc.org/system/files/finConnectivitySurvey2008.xls
[3] NETS Standards http://www.iste.org/AM/Template.cfm?Section=NETS

reduce their staff levels in the face of budget crises. The e-Rate program has been instrumental in allowing Oregon to have a very large percentage of our schools using a Fiber connection, and it is our hope that the program will continue to be improved and serve the public's needs in this area.

Another barrier to Broadband deployment is infrastructure. This includes wiring, workstations and local area network equipment. For example, if a district invests in a Fiber line to one building, ideally they would have a wide area network that would allow all the buildings to share the connection and utilize the bandwidth available effectively. Fiber WANS are often the best way to do this, as their bandwidth capacity can easily handle the incoming traffic. However this type of network, often referred to as "Dark Fiber" is not e-Rate eligible. This means that either the District must pay for it on its own, thus reducing the funds available for electrical or workstation upgrades, or they must use another means of transporting the signal across the district. This is often done using T1 lines, each of which is limited to 1.5Mbps. A district that has invested in gigabit Fiber is not effectively using it if they can only pipe out 1.5Mbps at a time. Increasing e-Rate support for WANs and "Dark Fiber" would benefits those districts that have managed to obtain Fiber Internet access. Some districts wish to use wireless technology to distribute their bandwidth across the district, which greatly reduces the need for wiring upgrades. It is also beneficial because those wireless connections can be made CIPA compliant and students who wish to bring their own laptops to school can access a safe and fast connection which will reduce the pressure on the district to provide more and more new workstations. Many districts that would benefit greatly from deploying this kind of network cannot because the cost of wireless equipment can be very high, and e-Rate Priority 2 funding is often referred to as "impossible" to obtain unless you are above the 85% discount rate. This is another barrier to effective broadband deployment.

BROADBAND IMPLEMENTATION

Not all of the news is negative. We have a large portion of our schools that are connected via Fiber, and they are utilizing it to its fullest. We have many districts that are using their Fiber connections not only to deliver rich content to the classroom, but for administrative projects and VoIP solutions. Many districts count their Fiber installations as their most successful project and claim that E-Rate made this possible for them.

One example of an administrative project would be the Oregon Department of Education's Pre-K through Grade 16 Integrated Data System (KIDS) Project[4]. This is a statewide initiative to standardize data collection and store the records in one statewide data system. This will eventually allow for real-time data driven decision making and ultimately a more agile and responsive education plan for each and every student. It has been a huge undertaking, and is in its final stages of implementation. Most of our districts have the bandwidth necessary to transmit data to their Regional Data Warehouse and to access the Dashboard to analyze data and implement changes to their instruction methods. Our Regional Data Warehouses also have the bandwidth available to upload the aggregated data to ODE. ODE can then process and report this data back to the classroom and also to the US Department of Education in accordance with NCLB and AYP requirements. This is just one example of how broadband implementation can impact student achievement from the classroom to the Federal level.

The greatest sources of demand for broadband are streaming content and multiple student access. Teachers who are currently incorporating technology into their curriculum are using it to provide instant

[4]KIDS Project http://www.ode.state.or.us/search/results/?id=349

access to current events and research projects for their students and the more kids use it, the more they want to use it. Having just a few computers in a few classrooms is no longer sufficient, so more labs are needed to ensure that all students can participate in these projects. Teachers often encounter network congestion when performing these activities with students, and thusly the demand for bandwidth grows. As more teachers learn what the Internet can offer their students, the demand grows greater still. As new teachers enter the workforce, we will see this need increase exponentially as many of our new graduates have grown up in a technology rich environment. Oregon also has an extensive on-line testing program that drives the student accountability system and this puts a load on district and schools bandwidth during most of the school year. Students have multiple opportunities to test during the year.

BROADBAND AND DIGITAL CONTENT

Some common issues that many districts are attempting to address with broadband are credit recovery, alternative education, supplemental education, and interactive content. The self-paced environment of many online study tools makes it ideal as a supplement to classroom instruction. There is also the overall issue of cost reduction. For many districts the costs associated with classroom field trips has been prohibitive, and they are turning to virtual field trips and other rich interactive content to bridge the gap. Districts are also using the Internet for virtual meetings in order to reduce travel costs.

There are many online tools available but often district staff do not have the time to properly vet them and can sometimes be disappointed with the results. Resources like Follett's Destiny, World Book Online, Google, Moodle, and United Streaming have offered districts safe and efficient ways to access and share information, and districts want to see more like them.

We see a balance between textbook and digital content. While many districts report that the digital content often provided with textbooks is usually outdated or not useful, they also say that they use textbooks for teaching the core facts, and use the Internet to provide new perspectives and collaborative opportunities for students. Some are also using digital media to supplement learning for students who have difficulty reading. They report that those students can stay caught up with the rest of the class by watching instructional videos when they fall behind on their reading.

The largest barriers to larger scale implementation of these tools are bandwidth and equipment. While many of our districts have a broadband connection, there are often not enough workstations available to accommodate the entire class, or more than one or two classes at a time. While interactive whiteboards and classroom feedback "clickers" help with this, it is widely agreed that hands on experience is what 21st century learners need.

DIGITAL LITERACY

Though the topic of digital literacy and citizenship has been a much larger topic of discussion since the Protecting Children in the 21st Century Act was signed, many districts have reported that they either already address it to some degree in their curriculum, or that they are actively researching options in anticipation of guidance from the FCC. However, there is also a degree of discontent among our educators that this adds an unnecessary burden to classroom teachers, and that most students are far more technology literate than they are. Conversely there are many who are taking a holistic approach, and help districts to develop sound policy around acceptable use and local control. There is a

misconception among some administrators that CIPA is “too strict” or that CIPA mandates that certain websites or activities, such as social networking, are expressly forbidden. There are technology and professional development professionals working to dispel these misconceptions and to illustrate how CIPA guidelines are actually quite broad and give the majority of the decision making power to the district and surrounding community. This seems to be the largest barrier to implementing effective digital citizenship curriculum, but it is surmountable.

ONLINE LEARNING SYSTEMS

Several of our districts report using online tools such as Moodle, Drupal, Google, Odyseyware, EBSCO, CIS, Nettrekker, and Accelerated Reader/Math in addition to classroom instruction. They use a combination of surveys and test scores to compare their success in some cases, although some feel that a comparison is not appropriate or necessary. One professional put it this way:

“They aren't appropriate for comparison. Teaching methods in each venue should focus on twenty first century learning. Educators need to learn which tool works best for them in relation to each job - it's the same thing we should be asking kids. Would you attempt to assess whether a pencil is more effective than a pen? Depends on the job at hand...right?”

While this assessment of the issue may not represent the attitude of all education professionals, it is worth noting that online learning systems are only as good as their content and delivery. Districts need the ability to be agile and responsive to the needs of the individual student. One definite advantage of online delivery is that it leaves more classroom time for one-on-one assistance, which has been dwindling with reduced staff and increased class sizes.

COMMUNICATION AND VIDEO SYSTEMS

Online chat rooms are not widely used in Oregon schools because of CIPA concerns. Districts are wary of online predators and inappropriate language or conduct. Some even believe that CIPA explicitly bans the use this tool. This is a local control issue, and most districts appear to have too many concerns to implement it. Video conferencing is largely used as an administrative tool to save on travel costs, with some glowing exceptions. One example was a report of a virtual tour of the Great Barrier Reef. Students were able to ask the diver questions and receive live answers via videoconference. While the term “to scale” is a little bit broad, we interpreted it to mean “full potential” rather than “full bandwidth”. In either case, there have been some reports of successful Foreign Language class delivery via videoconference, but otherwise does not appear to be widely used in the classroom mostly due to bandwidth issues. Administrators use it much more often to conduct meetings and workshops. This is much the same with social networking sites. Many districts block access to these sites due to CIPA concerns, again, some believing that it is explicitly banned by the law. There are some reports that some districts are starting to explore secure options for students or professional development for teachers, implementation appears to be in its infancy in Oregon. Some districts have reported that the online tools that they DO use are usually tied to active directory so that local security policy can be enforced. There was not a lot of information available do to its limited use.

E-RATE MODIFICATIONS

The EESC survey mentioned previously gives a good snapshot of what many of our schools are using in terms of Internet Connections; however it is unclear how many of those schools use e-Rate to fund their circuits.

One observation however, is that the FCC should already have access to this information. USAC collects this information each year using the Item 21 Attachments associated with each Form 471. These documents require each entity to specify the quantity, speed, and type of each service listed on the 471. It stands to reason that this data should be available to the FCC somehow, and if it isn't, it is a clear indication of a severe deficiency in the data systems utilized by USAC and its contractors. This data is not currently searchable by applicants, but the assumption is that someone somewhere has the data and that it could somehow be compiled for the Commission's use.

While developing technology plans, districts often look to the past to plan for the future. Latency, outages, and peak usage help to determine where the greatest needs are from a technical standpoint. Planned curriculum changes or other anticipated increases in demand are discussed as well. The previous technology plan is evaluated to see what strategies are working and which are not so that corrections can be made.

We support the idea of allowing use for community members under specific circumstances. For example, we would support the ability for students and parents to use the network at a school during school hosted events such as sports events, parent teacher conferences, etc. without the need to cost allocate. We would also consider endorsing the use of those facilities for non-profit events or other community based activities such as a job fair, skills training, homework support, vaccination clinics, etc. We would also support the use of school resources for parents and community members to take classes offered by local colleges. We would not be in a position to support the use of school facilities by for-profit organizations to supplant their own network demand. For example, we would not support the use of a computer lab to allow a private sector organization to perform trainings or marketing activities. We would endorse a change from "educational" purpose to a "community service" purpose. We feel that the limited usage described above would have little or no affect on funding availability as a whole, but could have substantive impact on the community members it would serve.

The Oregon Department of Education has tried in the past to make Head Start eligible in our state. We support Representative Henry Cuellar's Bill to define Head Start facilities as schools. Among other things, this would allow universal eligibility to Head Start programs for the e-Rate program. These extremely beneficial and woefully underfunded programs are serving the needs of the students that the e-Rate program was created to serve.

While the Department supports all educational institutions, we cannot support the eligibility of colleges until such time as the fund could support current program demand as well as anticipated demand for these entities. The demand on the already stressed funding mechanism would be too great. We and our districts do understand that these entities would greatly benefit from eligibility and that e-Rate is a successful mechanism for providing support for telecommunications and Internet related services. We would suggest that a program that emulates e-Rate might be better suited for supporting those types of entities. We would also suggest that colleges may still benefit from e-Rate if the above mentioned changes were made to allow the public access to school resources during the afterschool hours.

Adequate hardware and professional development are key to effective broadband utilization, and one cannot be successful without the other. That being said, the Department cannot support the addition of those services to the e-Rate program. As efficient and successful as it is, it cannot possibly tolerate the demand that this would create. Until such time as we can consistently fund the services and entities for which the program was created, we feel that it must maintain its current scope.

In the responses received from some of our districts in relation to this document, the 3 most common responses were CIPA compliance, WAN eligibility, and the procurement process.

On the subject of CIPA, the Department has identified a training issue in this area which we plan to address very soon. The misconception that CIPA compliance means that certain sites (such as YouTube) or activities (such as chat rooms) are explicitly prohibited or that compliance would deny adults of any 1st amendment rights is more prevalent than previously understood. That being said, the Commission could be very helpful in this area by providing easily accessible, plain language documentation of the new CIPA requirements once they have been implemented. I will be important to clarify the line of delineation between the district controlled network and workstations and those networks which students access via their cellular phones or air cards on school property. There is a growing concern that districts will somehow be mandated to filter those connections, when there are no feasible means to do so. The errata document[5] released in April of 2001 was a very helpful document, but is not easy to find if you don't know what you are looking for. If the Commission would put some of that additional information on its CIPA Consumer Factsheet, it may dispel some of these misconceptions.

Currently the only way for a district to receive e-Rate support for a Wide Area Network is through a leased solution. This works because it supports public infrastructure by allowing the service provider to build out a network that can be used by other community members. The issue becomes frustrating for applicants however, because these are still very expensive and without P2 support the costs are often too great, particularly for a small rural district trying to share services across a district that can span 30 miles across. A potential solution might be to leverage support from the Universal Service fund in order to create a stronger business case for building in these remote areas, and to use a preference mechanism as mentioned above to help underserved districts to get broadband services to their districts and to distribute that service equitably across their schools.

The Department and the districts all support fair and open competitive bidding, and strive to always be careful stewards of public funds. In fact the competitive bidding process is one of the things that keep e-Rate focused on the consumer, rather than the vendor. The concerns brought by the district revolve around flexibility. In Oregon, once the purchase decision is made, there is most often a contract that memorializes the relationship and the terms. However, in most cases there are allowances for changes and additions to the goods and services purchased in order to accommodate unforeseen circumstances. This is one thing that does not seem to exist in the e-Rate program. While Bishop Perry allowed for corrections to be made in the event of clerical errors, the fact remains that change is a constant in technology. We do not suggest that an entity should solicit for one service and then change to another, but we would suggest that the program rules be modified in order to accommodate change. It could be as simple as adding lines of service, but it can cause issues for districts who need the service, but can't afford to add the line unless it is discounted. We understand the importance of monitoring demand and controlling the expenditure of the fund, but there must also be consideration for those using the

[5] FCC CIPA Errata - www.**fcc**.gov/Bureaus/Common_Carrier/Orders/2001/**fcc**01120.doc

program to be agile in an industry where needs are constantly growing. One possible answer might be to create a 2-5% allowance based on the committed P1 funding to allow for additional service, so long as proper documentation is provided. This would allow districts to accommodate unforeseen cost or service increases, while still allowing USAC to monitor and accommodate demand.

E-RATE DISBURSEMENT

While many of those districts that responded to our survey believe a preference mechanism would be beneficial to some, there is also some concern that extra P1 funding will not in and of itself solve the problem. The 2 other factors mentioned were hardware upgrades and broadband availability.

While assistance provided for monthly recurring services helps districts to purchase other ineligible goods and services to support technology, the fact remains that a district that is using dial-up or T1 internet access will likely need substantial P2 assistance in order to maximize the newly available bandwidth. With the current demand for P1 putting P2 funding far beyond the reach of most districts, many have simply given up trying to apply unless they are at least at 85%. This combined with the high installation costs of broadband in many of our rural areas creates a catch-22 for those districts. They cannot deploy a P1 broadband solution, even at 90%, because they couldn't effectively use it without new hardware and infrastructure. Until P2 funding is stabilized and consistent, many districts will not be able to take advantage of the opportunities that may be available.

Another issue for some of our more remote districts is that service providers simply aren't willing to provide service to that area because it is not a high profit center for them. This puts even the well funded districts at a disadvantage. A preference mechanism will not help those with no services to purchase. What incentives could be offered to a vendor that would entice them to invest in services to a small town? Perhaps the answer lies in other Universal Service programs. If the High Cost and Rural Healthcare programs and funds could be leveraged along with e-Rate, then perhaps the combined benefit for applicant and vendor would be enough to push these projects through. Could legislation be introduced that would allow eligible entities from different Universal Service programs to work together in order to create broadband networks in remote or otherwise underserved areas?

While adding a third measurement to the discount matrix may help more entities to receive P2 funding, it could still take years to reach those that have been underserved or unable to obtain P2 unless the funding cap in increased to accommodate the anticipated demand. Even then, we will still see P2 funding denied at the lower levels because many districts DO NOT EVEN TRY to apply for those discounts right now. They feel that it is "impossible" to get and "costs too many man hours to apply, only to get nothing". If the cap were raised to the current demand, we would see an explosion of P2 applications because many districts would finally feel that they had a chance to get those discounts. The increased application activity would surely drive demand beyond the limit of the fund once again. To combat this, the fund should not only be raised to meet current demand, but to accommodate potential future demand.

Another potential barrier to statewide or regional consortia networks is the application process. In funding year 2005, the State of Oregon Department of Administrative Services applied for e-Rate discounts on a statewide telecom contract, much as it had each year since 2001. During PIA review, an issue was raised with a small number of Letters of Agency, and even though the coordinator was able to explain the reason for the "missing" letters, the application was denied in its entirety. This was a loss of

over 1.2 million dollars for the State, and it was completely unnecessary. The State has appealed[6] the denial, and we have been waiting for nearly three years for a decision. Since then there have been several FCC decisions that support our appeal[7], but Oregon still has not received a decision. The Department of Administrative Services has chosen not to apply for funding directly since that time.

Currently, consortium applicants must endure a lengthy and redundant review process, and often are not funded until halfway through the funding year. Some examples of this process are as follows:

1. The consortium lead is often the billed entity and therefore has the budget in place to fund the non-discounted portion of the project, and certifies that they can do so. However, consortium leads are often asked to certify if their members have a sufficient budget to do so as well.
2. The consortium lead is often asked to certify that technology plans have been written or approved. Because of the requirement to collect Letters of Agency, this fact has already been certified by the member.
3. The consortium lead is often asked to verify Free and Reduced Lunch data when this information is usually already verified at the state level.

If review procedures could be modified so that the process wasn't so daunting, then perhaps districts and possibly other Universal Service eligible entities could form consortia and aggregate demand for these small or remote areas. The purpose of allowing entities to form these consortia was to drive down prices and increase demand in order to facilitate healthy competition, particularly in sparsely populated areas. Consortia should be rewarded for these efforts, not punished. Removing some of the burden from these types of applicants could create more opportunities for broadband deployment, and could help the Commission reach its goals more efficiently.

Another procedural issue that while not unique to consortia applicants, can cause tremendous disruption to their plans for broadband deployment is what has come to be known as the "Black Hole". The scenarios vary to some degree but often proceed as follows:

1. Applicant creates a Form 470 for services, and follows all the rules.
2. Applicant selects one or more vendors from said 470, and follows all the rules.
3. Applicant files Form 471 for services from selected vendors accurately and on time.
4. Applicant is either put through a standard PIA review or a Selective Review.
5. Applicant gives reviewers all requested documents in a timely manner, and all documents support the fact that applicant followed all program rules, particularly regarding vendor selection.
6. Applicant hears nothing more from the reviewers and never receives an FCDL, sometimes not for YEARS.
7. After waiting and trying to get someone to tell them what they need to do to get their application funded, the applicant learns either through rumors or from a sympathetic USAC employee that one of their vendors is under "heightened scrutiny".
8. Applicant asks why the one vendor is holding up the entire application, and is usually told that it's because of FCC rules.

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[6] Oregon Department of Administrative Services Appeal Docket 02-6, 471# 460103, BEN #209473

[7] 2006-11-22 FCC-06-170 *Kan-ed, Kansas Board of Regents*, 2007-03-09 DA 07-1182 *Tri-River Educational Computer Association,* 2007-12-12 DA 07-4973 *Advanced Education Services, et al,* 2008-10-30 DA 08-2369 *Midwestern Intermediate Unit IV*

9. The only way the applicant can actualize funding for vendors on their application that are not under heightened scrutiny is to CANCEL funding requests for the "problem" vendor. This means that if the vendor is ever exonerated, the applicant has no means to go back and obtain the funding that they were eligible for because once an FRN is canceled, it is DEAD.

This scenario has played out time and time again, and has caused millions of dollars in Oregon e-Rate funding to sit in limbo, not to mention other states. Meanwhile, affected applicants have no recourse, and vendors have no due process. If this practice is indeed the result of FCC rules, then these rules must be modified immediately so that the applicant can be protected from this kind of hardship. Program success is measured by disbursal of funds, and protecting the fund is of paramount importance, but there must be a way that both objectives can be achieved.

Establishing a broadband goal would most likely increase demand. The FCC suggested a tiered system in FCC 08-89, released June 12, 2008. Based on that tier system, Tier 3 or Tier 4 should be the goal for educational entities.

E-RATE FUNDING

We have mentioned increasing the funding cap several times throughout this document. We see this as the primary way to meet demand even if current discount levels are modified or some services are removed. The more consistent P2 funding becomes, the more entities will actually apply for it. The e-Rate cap could be increased in a number of ways, but the one that seems to make the most sense would be to cap the High Cost program and add some of the funds to e-Rate. This could be done without an increase in the contribution factor if planned appropriately.

Current demand for P2 is likely only a fraction of what demand would be if each entity that applied for P1 services also applied for P2. Below is an example of Oregon application activity for 2007 (the most recent funding year for which no more regular funding waves are expected to be released) using information gathered from the USAC Data Retrieval Tool on 11/19/2009.

Category	Unique FRNs	Unique 471's	Unique applicants	Total Demand
IC	140	44	31	$4,797,418.24
BM	20	17	17	$346,127.88
TC	1272	332	242	$15,706,347.49
IA	241	135	117	$11,914,014.84
Total	1,673	456	258	$32,763,908.45

The unique 471 and application totals will not add up to the total figures because a single applicant can have several FRN's with various categories of service on them.

However, for arguments sake, let's assume that the 48 applications that contain IC and BM FRN's only have those types of requests on them. This would imply that only about 20% of applicants that apply for e-Rate apply for P2 services. Now let's assume that the cap was raised to cover current demand; which for 2007 would be about $3.7B. P2 demand for 2007 was about 105% of P1 demand nationally, so if Oregon applications were to match the national average, the estimated demand for P2 in Oregon would be approximately $34,402,103.00 which would be an increase of $29,258,557.00. On the other hand,

let's say that we used a simple average per applicant. With a P2 demand of $5,143,546.00, it averages out to approx $107,157.00 per applicant. Now, if applicants thought they had a chance of getting P2 funding and all of our 2007 applicants applied for the average amount for P2, it would create a demand of $27,646,506, an increase of $22,502,960.

There is no way to truly estimate the effect on demand because there are just too many variables (discount rates, equipment needs, 2-in-5, etc). The point is that and increase in P2 demand would undoubtedly occur if even current demand were covered by the fund, because applicants would finally consider the application process a worthwhile effort.

While Ed-Tech is likely the most appropriate mechanism for funding Professional Development and end-user equipment, the lack of funding in that area as well as the disbursement criteria have made it a source of frustration for many districts. Often the criteria for funding is based on student count (among other things) which results in most small districts being left out. This is counterintuitive to the Commission's goals. However, Ed-Tech could be modified and funded appropriately so that small district needs could be met. This would most certainly assist districts in broadband deployment, as funding, particularly for PD and equipment are currently among the biggest barriers for those entities.

The Department supports cooperation between government agencies. One idea in particular is to allow for better cooperation between entities that are eligible for Universal Service Support under other programs. Leveraging the funds across programs could potentially eliminate duplicate spending and effort, while facilitating the creation of anchor tenants in rural communities. If the High Cost program could provide a greater incentive to service providers for expanding into underserved areas, then e-Rate could assist the local schools and libraries with the monthly costs. A Rural Healthcare entity could create a consortium with the local school district and create an aggregated demand for services, and since both entities are eligible for Universal Service support, the cooperation would still be consistent with the goals and directives of the Commission.

CONCLUSION

In conclusion, the Department feels that this Request for Comment by the FCC is an encouraging sign of things to come. There are a lot of ideas to explore, some simple, and some complex. The Commission's willingness to listen is appreciated. Our hope is that from these responses emerge solutions that maintain the current program success for those that so greatly depend on it, and to allow for change that will increase that success and allow the program to contribute more effectively to the National Broadband Plan.